



July 10, 2024

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RE: Recommendations for the Department of Revenue House Bill 4056 Workgroup

Dear Chair and Member of the Workgroup:

As a follow-up to the June 26 HB 4056 Workgroup meeting, Deschutes County is providing a written response to the request from Representative Conrad asking counties to review and respond to the consumer group memo. We are supportive of the key considerations prepared by Yamhill, Multnomah, Washington, Josephine, Clackamas, Lane, and Marion counties. The following reiterates those key considerations.

- 1) Define who is entitled to the surplus proceeds (i.e., the “claimant”) and the method by which a claimant can establish “ownership” status. Deschutes County does not want to be involved in claim litigation or prioritization, and we therefore ask that the term “claimant” not include creditors, garnishors, lienholders, or assignees. Deschutes County believes that these rights are adequately addressed in current statute by providing notification during the two-year redemption period. However, if changes need to be made to the current statutory language, Deschutes County would support a separate “policy” bill that addresses the rights of these groups in relation to the former owner.
- 2) Foreclosed properties will continue to be sold via public auction as Deschutes County believes it is the most appropriate and efficient manner of selling as-is properties. Counties may opt into using a real estate agent at their own discretion, but they will be under no statutory obligation to do so. It is worth noting that the property owners have the opportunity for years to utilize a real estate agent prior to the taking of deed by a county, if that is the option they want utilized for the sale of their property.
- 3) Allow for all county expenses in administering the surplus proceeds to be deducted from the surplus proceeds prior to distribution (in addition to all other fees/expenses already deductible under ORS 275.275).
- 4) Establish deadlines for a claimant to file for surplus proceeds per the following:
  - a. One year from the date the property is sold or conveyed to a third-party up to a maximum of two years from the date the property is deeded to the county under ORS 312.122 or 312.200;
  - b. One year from the date the county makes a determination that the county will retain the property for public purposes up to a maximum of two years from the date the property is deeded to the county under ORS 312.122 or 312.200; or

- c. If no action is otherwise taken by the county, two years from date the property is deeded to the county under ORS 312.122 or 312.200.
- 5) Clarify what notices are required, to whom they are to be sent to, and when they must be sent. The counties do not support a “due diligence” requirement wherein a county would be obligated to locate all potential claimants. Accordingly, we recommend the following notice requirements:
- a. Include notification of the potential surplus in the one-year redemption notice already required under ORS 312.125.
  - b. Require written notice be sent to the former owner at their last known address no less than 180 days before the filing deadline of two years from the date the property is deeded to the county under ORS 312.122 or 312.200.
  - c. County website must publicly post all available surplus proceeds, along with an adequate property description and the respective former owner’s name.
  - d. Annual newspaper posting of expiring surplus claims no later than 60 days before the filing deadline of two years from the date the property is deeded to the county under ORS 312.122 or 312.200.
- 6) Deschutes County fully supports the State’s takeover of all lookback claims with funding provided by the State Legislature to pay the claims. If requested, Deschutes County supports a six-year lookback period to align with ORS 12.080. There are arguments that the lookback period should be two years. There are also arguments that the lookback period should be ten years. Six years is a reasonable compromise.

Thank you for your consideration.

The Deschutes County Board of Commissioners



Patti Adair  
Chair



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Vice Chair



Phil Chang  
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